



February 9, 2007

HOUSE BILL No. 1158

DIGEST OF HB 1158 (Updated February 7, 2007 12:17 pm - DI 97)

Citations Affected: IC 27-1.

Synopsis: Commercial filings. Provides an exemption from certain filing requirements for certain insurance issued to a commercial policyholder. Requires filing of commercial property and casualty insurance forms for informational purposes. Requires an insurer that issues a commercial property or commercial casualty insurance policy form, endorsement, or rider for an unusual risk of a particular commercial policyholder to maintain and provide the documents at the request of the commissioner.

Effective: July 1, 2007.

Fry, Ripley

January 11, 2007, read first time and referred to Committee on Insurance.
February 8, 2007, reported — Do Pass.

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HB 1158—LS 7262/DI 97+



February 9, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1158

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 27-1-22-4, AS AMENDED BY P.L.193-2006,
2 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2007]: Sec. 4. (a) Every insurer shall file with the
4 commissioner every manual of classifications, rules, and rates, every
5 rating schedule, every rating plan, and every modification of any of the
6 foregoing which it proposes to use.

7 (b) The following types of insurance are exempt from the
8 requirements of subsections (a) and (j):

9 (1) Inland marine risks, which by general custom of the business
10 are not written according to manual rates or rating plans.

11 (2) Insurance ~~other than workers compensation insurance~~, that is:

12 (A) written by an insurer that:

13 (i) complies with subsection (m) and

14 ~~(ii)~~ maintains at least a B rating by A.M. Best or an
15 equivalent rating by another independent insurance rating
16 organization; **or**

17 **(ii) is approved for an exemption by the commissioner;**

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and

(B) issued to commercial policyholders.

(c) Every such filing shall indicate the character and extent of the coverage contemplated and shall be accompanied by the information upon which the filer supports such filing.

(d) The information furnished in support of a filing may include:

(1) the experience and judgment of the insurer or rating organization making the filing;

(2) its interpretation of any statistical data it relies upon;

(3) the experience of other insurers or rating organizations; or

(4) any other relevant factors.

The commissioner shall have the right to request any additional relevant information. A filing and any supporting information shall be open to public inspection as soon as stamped "filed" within a reasonable time after receipt by the commissioner, and copies may be obtained by any person on request and upon payment of a reasonable charge therefor.

(e) Filings shall become effective upon the date of filing by delivery or upon date of mailing by registered mail to the commissioner, or on a later date specified in the filing.

(f) Specific inland marine rates on risks specially rated, made by a rating organization, shall be filed with the commissioner.

(g) Any insurer may satisfy its obligation to make any such filings by becoming a member of, or a subscriber to, a licensed rating organization which makes such filings and by authorizing the commissioner to accept such filings on its behalf, provided that nothing contained in this chapter shall be construed as requiring any insurer to become a member of or a subscriber to any rating organization or as requiring any member or subscriber to authorize the commissioner to accept such filings on its behalf.

(h) Every insurer which is a member of or a subscriber to a rating organization shall be deemed to have authorized the commissioner to accept on its behalf all filings made by the rating organization which are within the scope of its membership or subscribership, provided:

(1) that any subscriber may withdraw or terminate such authorization, either generally or for individual filings, by written notice to the commissioner and to the rating organization and may then make its own independent filings for any kinds of insurance, or subdivisions, or classes of risks, or parts or combinations of any of the foregoing, with respect to which it has withdrawn or terminated such authorization, or may request the rating organization, within its discretion, to make any such filing on an

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1 agency basis solely on behalf of the requesting subscriber; and
 2 (2) that any member may proceed in the same manner as a
 3 subscriber unless the rating organization shall have adopted a
 4 rule, with the approval of the commissioner:

5 (A) requiring a member, before making an independent filing,
 6 first to request the rating organization to make such filing on
 7 its behalf and requiring the rating organization, within thirty
 8 (30) days after receipt of such request, either:

9 (i) to make such filing as a rating organization filing;

10 (ii) to make such filing on an agency basis solely on behalf
 11 of the requesting member; or

12 (iii) to decline the request of such member; and

13 (B) excluding from membership any insurer which elects to
 14 make any filing wholly independently of the rating
 15 organization.

16 (i) Under such rules as the commissioner shall adopt, the
 17 commissioner may, by written order, suspend or modify the
 18 requirement of filing as to any kinds of insurance, or subdivision, or
 19 classes of risk, or parts or combinations of any of the foregoing, the
 20 rates for which cannot practicably be filed before they are used. Such
 21 orders and rules shall be made known to insurers and rating
 22 organizations affected thereby. The commissioner may make such
 23 examination as the commissioner may deem advisable to ascertain
 24 whether any rates affected by such order are excessive, inadequate, or
 25 unfairly discriminatory.

26 (j) Upon the written application of the insured, stating the insured's
 27 reasons therefor, filed with the commissioner, a rate in excess of that
 28 provided by a filing otherwise applicable may be used on any specific
 29 risk.

30 (k) An insurer shall not make or issue a policy or contract except in
 31 accordance with filings which are in effect for that insurer or in
 32 accordance with the provisions of this chapter. Subject to the
 33 provisions of section 6 of this chapter, any rates, rating plans, rules,
 34 classifications, or systems in effect on May 31, 1967, shall be
 35 continued in effect until withdrawn by the insurer or rating
 36 organization which filed them.

37 (l) The commissioner shall have the right to make an investigation
 38 and to examine the pertinent files and records of any insurer, insurance
 39 producer, or insured in order to ascertain compliance with any filing for
 40 rate or coverage which is in effect. The commissioner shall have the
 41 right to set up procedures necessary to eliminate noncompliance,
 42 whether on an individual policy, or because of a system of applying

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charges or discounts which results in failure to comply with such filing.

(m) This subsection applies to an insurer that issues a commercial property or commercial casualty insurance policy to a commercial policyholder. Not more than thirty (30) days after the insurer begins using a commercial property or commercial casualty insurance:

(1) rate;

(2) rating plan;

(3) manual of classifications; ~~or~~

(4) form; or

~~(4) (5)~~ modification of an item specified in subdivision (1), (2), ~~or~~

(3), **or (4);**

the insurer shall file with the department, for informational purposes only, the item specified in subdivision (1), (2), (3), ~~or~~ (4), **or (5)**. Use of an item specified in subdivision (1), (2), (3), ~~or~~ (4), **or (5)** is not conditioned on review or approval by the department. This subsection does not require filing of an individual policy rate if the original manuals, rates, and rules for the insurance plan or program to which the individual policy conforms has been filed with the department.

(n) ~~Subsection (m) does not apply to~~ **An insurer that issues a commercial property or commercial casualty insurance policy forms: form, endorsement, or rider that is prepared to provide or exclude coverage for an unusual or extraordinary risk of a particular commercial policyholder must maintain the policy form, endorsement, or rider in the insurer's Indiana office and provide the policy form, endorsement, or rider to the commissioner at the commissioner's request.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, to which was referred House Bill 1158, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

FRY, Chair

Committee Vote: yeas 10, nays 0.

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